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October 14, 2005

The Honorable George W. Bush  
President  
The White House  
Washington, D.C.

Dear Mr. President:

Yesterday, for the first time ever, the Northeast experienced sustained levels of home heating oil prices high enough to trigger the exercise of your discretion to protect heating oil consumers by releasing product from the Northeast Home Heating Oil Reserve. Accordingly, I am writing to request information regarding your plans with respect to the release of home heating oil from the Reserve – the only existing regional product reserve for home heating oil. As the author of the amendment that created the Reserve, I am interested in knowing how you intend to make use of the Reserve to help address the skyrocketing energy prices already facing New England energy consumers.

Earlier this week, the Department of Energy's (DOE) Energy Information Administration (EIA) released its "Short-Term Energy Outlook and Winter Fuels Outlook. This report projects that home heating oil prices are likely to rise by 31.5% this winter, compared to prices paid last winter. This translates into an average consumer expenditure of \$1,577 for home heating oil this winter, an increase of \$378 over the average of \$1,119 paid last winter. In the event of a colder than normal winter – which is quite possible in light of current projections from the National Weather Service – consumers could see home heating oil expenditures rise to an average of 1,893 this winter, \$774 more than last winter. These expenditures are well above the average of \$865 paid by consumers for home heating oil during the winters between 1999 and 2004.

The Department of Energy's website outlines the operation of the heating oil reserve trigger ( [http://www.fe.doe.gov/programs/reserves/heatingoil/Sales\\_Basis\\_0506.html](http://www.fe.doe.gov/programs/reserves/heatingoil/Sales_Basis_0506.html)). Specifically, the DOE website notes that as of October 3, 2005, the price of residential home heating oil in New England had reached an average price of \$267.4 per gallon, while the price of crude oil was \$157.29 per gallon. This creates a heating oil/crude oil differential of \$110.1 (or 62.5%) – above the 60 % benchmark used to indicate a market dislocation.. Under the law, such a wide difference between the price of crude oil and the price of heating oil indicates the type of severe supply disruption for which the Reserve was established. Nevertheless, under the law the trigger is not reached until this level of dislocation persists for at least one week and is growing in week 2 compared to week 1.

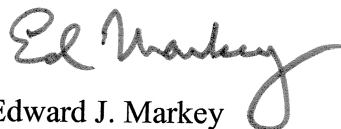
That test has now been met. On Thursday, the data for October 10 indicates that the dislocation is persistent and growing. The differential between the price of crude and the price of heating oil is now \$111.8, or 64.9 %.

Thus the legal basis for you and Secretary of Energy Bodman to release home heating oil from the Reserve is now unambiguous. Accordingly, I would like to know whether you and the Secretary intend to release any home heating oil from the Reserve and if so, under what terms and conditions. If you choose nevertheless not to release home heating oil from the Reserve, I respectfully request an explanation of the reasons why the Administration has chosen not to provide relief to consumers in the Northeast.

I would note that last week you strongly supported emergency legislation for the refinery industry. The consumers of that oil are now asking whether you intend to use your emergency power to protect families facing soaring heating oil prices in the Northeast.

I look forward to your response and for action by your Administration to address the burden that high home heating oil prices will pose for consumers this winter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ed Markey", with a stylized flourish at the end.

Edward J. Markey